

## **EMERGING MARKETS PROGRAM CENTRAL FUND PROPOSAL**

**Full title of proposal:** Borlaug Fellows Organic Certification Systems for Africa

**Date of proposal submission:** August 6, 2008

**Name of organization(s) submitting proposal:**

Trade and Scientific Exchanges Division

U.S. Department of Agriculture, Foreign Agricultural Service

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### **Target Markets:**

All African countries that are signatories under the African Growth and Opportunity Act (AGOA) will be given the opportunity to apply to the Borlaug Fellows Program. During the 2007 AGOA meeting it was agreed that member countries would increase their imports of organic products from the United States. Unfortunately, many of these countries have a limited understanding of U.S. and international SPS and TBT regulatory guidelines to satisfy U.S. producers and exporters of organic products. Moreover, African governments and companies lack an understanding of the U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS), the National Organic Program and other international organic guidelines.

### **Description of the Problem:**

At the July 2007 Africa Growth and Opportunity Act (AGOA) Forum in Accra, Ghana, USDA announced an initiative to organize a series of regional workshops through-out sub-Saharan Africa in 2008 to disseminate and educate participants on U.S. organic requirements. The Borlaug Fellows Program is a way to provide in-depth training in this area. This AGOA “deliverable” is a specific USDA commitment to support trade capacity building as a means to increase AGOA signatories’ ability to access global markets for natural and organic food products. Further, this activity supports the intent of the President’s AGOA legislation to build strong trading partners.

This fellowship program will increase the awareness of the health, environmental and other benefits of U.S. organic foods. Currently, there are no USDA certified organic agents in Africa; thus U.S. organic products have difficulty entering the niche African markets.

U.S. and African partnerships have the capacity to complement year round tropical and sub-tropical organic products to a growing and under-supplied global market. Organic products demand premium prices in international markets. The U.S. Organic Trade Association reports that U.S. organic exports for 2008 are valued at approximately 310 million, while in 2007 U.S. organic exports were \$293 million, a significant increase from \$217 million in 2005. While the World Customs Organization does not keep foreign trade statistics on organic products, this niche market is expected to grow in the double digits well into the next decade. Clearly, the market for natural and organic products is growing rapidly and U.S. exporters of organic products require reliable sources of high quality inputs in order to take full advantage of the growth in international markets. The proposed program will deepen Fellows understanding of the USDA National Organics Program and international quality standards requirements to better enable AGOA partners to provide US organic exporters with high-value organic inputs including herbs, spices, and fresh and processed produce. Through increased awareness of the quality of US organic products the program will also create new opportunities for US exporters in AGOA niche markets.

**Project Objectives:**

USDA/FAS Strategic Goal 2, Expand the Global Agricultural Trading System by Building Trade Capacity in Developing Countries, specifically Objective 2.1: Facilitate U.S. Commercial trade through trade-related programs, information and overseas services is the strategic purpose for this proposed activity.

**Specific outcomes for this activity are:**

Fellows will have a better understanding of USDA's National Organic Program and quality standards requirements. In addition, this fellowship program will serve as an opportunity for African countries to understand and develop capacity on the regional or country level to establish certifying agents. The Borlaug Fellows Certification Systems Program will:

1. Provide opportunities and contacts for U.S. businesses to expand their sources for organic inputs and gain access to African consumer markets.
2. Develop U.S. and African regulatory relationships and strengthen organic networks.
3. Educate leading African scientists and policymakers in the public and private sectors about the USDA National Organic Program and international regulations governing the market for organic food products.

**Technical Support:**

OCBD will collaborate with other FAS program areas (OSTA, ONA, OCRA, and Posts); the Agricultural Marketing Service, the U.S. regulatory agency for organic certified products; U.S. universities; the U.S. private organic sector; African regional organizations such as the Common Market for East and Southern Africa (COMESA) and the East African Community (EAC); participant countries' governments and private sector; and bi-lateral and regional U.S. Agency for International Development (USAID) offices including USAID's East Africa Trade Hub; and the U.S. African Development Foundation (USADF).

**Description of Activity:****Capacity Building Stage:**

The fellowship program will teach Fellows about the opportunities available in the natural and organic foods market. Topics covered will include: the current state of the U.S. organic food industry; industry structure; logistical packaging requirements; and current consumer trends. Information from major U.S. retailers and wholesalers will be provided, including detailed information and specifications of their products and their buying requirements as well as future needs. Trainers from USDA/AMS (the regulatory agency working on organics), the university community, the U.S. private sector and other government entities as appropriate will discuss the history and regulations of USDA National Organics Program, the step-by-step approach to certification of organic production, and the process whereby African organic institutions could certify to U.S. producers and regulatory agencies that African organic inputs are produced and handled in accordance with the U.S. National Organics Program regulations. The program will also increase awareness among African importers of the wide variety, high quality and safety of U.S. organic products.

**Performance Measures:**

1. Demonstrate understanding of the requirements for the USDA National Organics Program.
2. Identify potential African certifying entities for continued capacity building in order to meet USDA National Organic Program certification standards.
3. Create an understanding for the need to have a sustainable supply chain of U.S. organic products to meet the demands of the growing organics market.

**Timeline for Activity:** This program will be implemented starting in May, 2009- June 2010. It is important to allow a full year implementation process so that Fellows benefit from different seasonal opportunities. Likewise the follow-on trip will occur around six months after the fellowship.

**Rationale for the Project Proposal:**

The growing US market for organic products necessitates reliable and consistent sources of high quality inputs. Currently, companies in AGOA countries requesting organic certification must hire an agent to travel from the U.S. to certify their operations. In most cases, this has proven to be inefficient and not effective. A important goal of this fellowship program will be to identify individuals and develop their knowledge and skills that will allow them to set in place certification systems and to train others in organically produced products to satisfy U.S. organic product producers and meet the associated regulatory requirements. Additionally, the project will support greater growth in the export of US organic products to AGOA countries consistent with commitments made by participating African countries in the 2007 AGOA Forum.

**Market Constraints to be addressed:**

Lack of awareness among AGOA countries of the high quality of U.S. organic products and the rigorous certification standards of the U.S. Organic Program create a significant challenge for U.S. exporters to tap this important niche market either as a source of supply or sale opportunity. The growing export market requires that U.S. exporters identify and secure reliable sources of high quality organic inputs that meet U.S. standards. This project will provide the training necessary for AGOA countries to participate more fully with U.S. exporters as partners in our export efforts. Additionally, it will greatly support U.S. exporters in expanding current markets and identify new opportunities in Africa.

**Demonstration of Benefits for U.S. Agriculture:**

Given the rapid growth of consumer demand for organic products many U.S. organic food manufacturers are seeking sources of organic products from foreign suppliers. The lack of a certified USDA accredited certifying agent within the African region restricts the ability of U.S. food manufacturers and importers to seek sources of organic products from these countries and restricts the understanding of African consumers of quality standards of USDA certified organic products. In addition, if an organic product could be sourced from this region it would be cost prohibitive because of the additional costs of inspector travel to the region to meet the USDA's National Organic Standards.

**Similar Activities Funded by USDA in Target Market:**

In FY08, USDA EMP funds were provided to support six African Borlaug Fellows in Organic Certification Systems. The number and quality of the 18 applicants to the program from eight different AGOA countries has been remarkable, demonstrating the need and interest of African scientists and policymakers in learning more about U.S. and international certification and regulatory systems for organic and other food products. The six Borlaug Fellows will be hosted by Colorado State University and Washington State University during the Fall of 2008.

**Detailed Line Item Budget:**

Funding of \$215,600 is being requested from the Emerging Markets Program Central Fund to cover the majority of direct expenses of the program in FY 2009. As a "U.S. AGOA Deliverable", this fellowship and training effort will encourage cost sharing with other U.S. agencies and participating countries.

**Qualifications of Proposal Applicant:** FAS/OCBD/TSED provides leadership in identifying, developing, and coordinating strategic international research/science-based exchange initiatives for the United States Department of Agriculture. TSED's mission is to: 1) develop and administer programs and activities involving trade, science and technology exchanges in agriculture in support of overall agency goals and objectives as well as foreign policy initiatives; 2) manage and operate the Cochran Fellowship, Borlaug Fellowship, Scientific Cooperative Exchange, Scientific Cooperation Research, Embassy Science Fellows, Visiting Scientists, Faculty Exchange and local currency

Project Scientific Exchanges with Africa in Support of the President's African Growth and Opportunities Act  
Country: Africa  
Activity: Stage 2: Mentor Follow-up

LINE ITEM	# of Units	Price per Unit	# of Days	EMP FUNDS REQUESTED	THIRD PARTY PARTNERSHIP CONTRIBUTIONS ESTIMATE	NOTES
<b>Travel &amp; Per Diem and related expenses</b>				<b>\$46,400</b>		
International Travel	8	\$3,000		\$24,000		8 mentors provided by BF institution (each mentor is separate visit to different area/institution)
Local Transportation (minivans)	8	\$200	7		\$11,200	Per State Dept. Rates
Lodging, MI&E	8	\$400	7	\$22,400		
<b>Partner Donations</b>						
U. S. host institutions	8	\$500	7		\$28,000	mentor salary (donated)
In-country partners	8	\$200	7		\$11,200	BF salary (donated)
<b>Fund Citation Cable</b>				<b>\$11,600</b>		
Interpretation/translation						
Event Venue	8	\$ 100	5	\$4,000		\$1,000 Hall, breakout rooms, A&V, etc.
Wind-up meeting supplies/promotion	8	\$ 400		\$3,200		\$1,000 Banners, handouts, etc
Local staff support, FSN travel & per diem				\$4,400		Preparation, implementation, ongoing project \$500 planning
<b>Activity Sub Total for Mentor follow-up and seminar</b>				<b>\$58,000</b>	<b>\$52,900</b>	
<b>Budget Estimate by Activity</b>						
				<b>EMP FUNDS REQUESTED</b>	<b>THIRD PARTY PARTNERSHIP CONTRIBUTIONS ESTIMATE</b>	
<b>TOTAL PROJECT BUDGET</b>				<b>\$215,600</b>	<b>\$440,900</b>	





# FACT SHEET

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## *African Growth and Opportunity Act (AGOA)* USDA Announces Training and Education Initiatives

July 2007

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The African Growth and Opportunity Act (AGOA) is the cornerstone of U.S. trade and investment policy with sub-Saharan Africa. Since implementation in 2001, AGOA has boosted two-way trade between the United States and sub-Saharan Africa while opening U.S. markets to duty-free imports of African goods. Products from AGOA countries have broadened in scope from traditional commodities like cocoa beans to high-value items like fresh citrus and fresh-cut flowers. In 2006, U.S. imports of agricultural products from AGOA countries increased 33 percent to \$360.8 million. AGOA's 38 member-countries also benefit from trade capacity building and technical assistance programs to support regional and international trade. Since 2001, the United States has committed more than \$1 billion in U.S. trade capacity funding. In 2006, the U.S. commitment reached \$394 million.

At the Sixth AGOA Forum in Accra, Ghana, in July 2007, the U.S. Department of Agriculture announced four initiatives to help sub-Saharan African countries bolster agricultural exports to the United States.

**West African Trade and Investment Mission.** Scheduled for February 2008, this activity invites approximately 50 participants from Benin, Burkina Faso, Cape Verde, Ghana, Liberia, Mali, Nigeria, Senegal, Sierra Leone and Togo, as well as a host of U.S. business representatives, to accompany U.S. officials to Accra, Ghana, where the groups form trade linkages. The objectives of U.S. trade and investment missions are to promote joint ventures, support bilateral trade, and boost investment in Africa's rich agribusiness sector. Missions improve U.S. agribusiness ties with Africa by establishing direct trade relations between U.S. and African producers, investors, processors, buyers, and producers. Products of focus are generally dry grocery goods, livestock genetics, processed foods, seafood and aquaculture, horticulture, beverages, investment, and storage facilities. In 2006, the East and Central Africa Trade Hub organized five trade missions for 26 companies to the United States resulting in deals worth \$1.6 million. In February 2007, an East African Trade and Investment Mission helped to connect 13 U.S. agribusinesses with 40 African companies. Sales of products like fruit juice, processed nuts and seafood generated as a result of the trade mission were valued at more than \$750,000.

**Namibian Beef Equivalency Training.** USDA's Food Safety and Inspection Service (FSIS) is advising Namibia on U.S. meat regulations and the equivalency process that will lead to a safer food supply for regional and international markets. To facilitate Namibia's ability to implement these changes, USDA has conducted two training courses on U.S. requirements that will prepare Namibia for an official U.S. beef audit. In May 2007, participants learned about inspection controls and government oversight. The participants returned in June 2007 for laboratory training. In response to both training activities, Namibia has adopted changes at the government and industry levels. A third training visit is planned for August 2007 to review progress and address remaining obstacles. With improvements to slaughterhouses, laboratories, and monitoring systems, Namibian meat inspection systems are moving toward equivalence with U.S. systems. Equivalence is necessary to export meat products to the United States.

**Scientific Exchange in Cocoa Production.** USDA has reached 48 recipients from 10 AGOA countries since 2006 under the Norman E. Borlaug Fellowship Program, a program that brings university staff from developing countries to U.S. universities for one semester of study and research. A new initiative will help AGOA countries with modernization and competitiveness of production, value-added processing and export of cocoa. The Borlaug Program is planning to sponsor seven fellows from AGOA countries for a six-week training and scientific exchange program at U.S. universities. Young scientists will learn modern production and supply chain practices and techniques. Moreover, the initiative will help AGOA countries become more competitive in exporting quality cocoa products to customers worldwide.

**Organic Certification Training.** USDA will organize a series of regional workshops throughout sub-Saharan Africa in 2008. Currently, there are no U.S. certifying organics agents in Africa and organic products represent a potentially lucrative market for African producers and exporters. The workshops will identify potential organic certifying agents in Africa, such as those currently serving as European certifying agents. In addition, the workshops will target African producers of commodities that have passed the APHIS rule-making process, giving producers a second method for reaching the U.S. market with their organics.